



Registrar

# National Electric Power Regulatory Authority

## Islamic Republic of Pakistan

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E-mail: office@nepra.org.pk

No. NEPRA/TRF-14/KESC-2002/2101-4  
April 26, 2007

Subject:- **Tariff Adjustment of KESC due to Variation in Fuel Price and Cost of Power Purchased during the quarter January to March 2007**  
Intimation of Determination of Tariff pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997)

Please find enclosed the determination of the Authority along with Annexure-I, II & III (07 pages) applying the Tariff Adjustment Mechanism specified in Case No. NEPRA/TRF-14/KESC-2002 notified vide SRO 716(I)/2002, dated 12<sup>th</sup> October 2002.

2. Summary of decision is:

- Adjustment on account of variation in fuel price and cost of power purchased during the quarter January to March 2007.

3. The determination is being intimated to the Federal Government for the purpose of notification of the approved tariff in the official gazette pursuant to Section 31(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997) and Rule 16(11) of the National Electric Power Regulatory Authority Tariff (Standards and Procedure) Rules, 1998.

4. Please note that only Annexure-III to the attached determination containing the schedule of tariff needs to be notified in the official gazette.


5. The approval of the tariff is subject to the terms and conditions of schedule of tariff as notified vide SRO 819(I)/2001 dated November 29, 2001 and SRO 325(I)/2002 dated June 11, 2002.

DA/As above.

The Secretary,  
Cabinet Division,  
Government of Pakistan,  
Cabinet Secretariat,  
Islamabad.

CC:

1. Secretary, Ministry of Water & Power, Islamabad.
2. Secretary, Ministry of Finance, Islamabad.
3. Secretary, Privatization Commission, Islamabad.

  
26.04.07.  
(Mahjoob Ahmad Mirza)

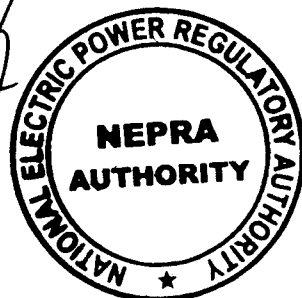


**DETERMINATION OF THE AUTHORITY ON TARIFF ADJUSTMENT OF  
KESC FOR VARIATION IN FUEL PRICE AND COST OF POWER PURCHASE  
FOR THE QUARTER JANUARY TO MARCH 2007**

Pursuant to the determination made on September 10, 2002 in Case no. NEPRA/TRF-14/KESC-2002, as notified by the Federal Government vide SRO 716(I)/2002 dated 12<sup>th</sup> October 2002, the tariff of KESC is subject to adjustment: (a) every three (3) months to compensate for variation in the fuel price and cost of power purchased and (b) every year (in July) for indexation due to CPI (inflation).

2. KESC pursuant to the above mentioned tariff determination has submitted tariff adjustment request vide its communication No. CMF/NEPRA/071/07/222 dated April 18, 2007. According to the information submitted by KESC, the variation in fuel cost due to fuel price variation and generation mix comes to Rs. (1590) million or Ps. (15.36)/kWh, whereas variation in cost of purchase of power works out as (29) million or paisa (0.28)/kWh. The combined effect has thus been calculated as Rs. (1619) Million or paisa (15.64)/kWh. There was no leftover amount on account of Fuel Price Variation at the end of quarter Oct-Dec 2006. However, Rs. (389) million was leftover in the last quarter on account of power purchase cost which is required to be adjusted now. After accounting for the leftover balance of Rs. (389) million the required adjustment on account of Fuel Price Variation works out as decrease in tariff by Ps. (15.36)/kWh and Ps (4.04)/kWh on account of Power Purchase Cost Variation. The combined effect thus works out Rs. (2009) million or decrease in tariff by Ps.(19.40)/kWh.

3. According to the prescribed mechanism, the maximum adjustment that can be allowed in a quarter due to variation in fuel price is 2.5% and due to variation in power purchase price is 1.5% of average sale rate. Therefore, the allowable adjustment on account of variation in fuel price works out as decrease in tariff by Ps.(15.36)/kWh and on account of power purchase cost as decrease in tariff by Ps. (4.04)/kWh. The combined (net) effect thus works out as decrease in KESC's consumer end tariff by Ps. (19.40)/kWh. The calculations are attached as per Annexure-I&II. After making necessary adjustments in tariff for the quarter, there is no leftover balance to be carried forward to the next quarter, on account of fuel price and cost of power purchase respectively.



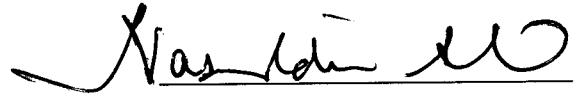
4. In order to account for quarterly variations due to fuel price and power purchase cost, the Authority has decided to allow uniform decrease in consumer end tariff for all consumer categories by paisa 20.00 per kWh, except for the class of life line consumers consuming up to 50 units per month

5. The Authority hereby recommends to the Federal Government that the KESC tariff be varied to the extent as indicated in para 4 to cater for variation in cost of fuel and power purchase for the quarter January to March 2007. For this purpose a new schedule of tariff, annexed to this determination as Annexure-III is hereby intimated for notification, in the official gazette in accordance with the provisions of section 3(4) of the Regulation of Generation, Transmission and Distribution of Electric Power Act (XL of 1997), read with Rule 6 of the NEPRA Tariff Standards and Procedure Rules, 1998.

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### Authority

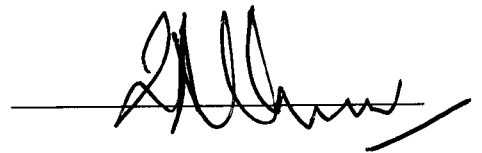
Nasiruddin Ahmed  
Member



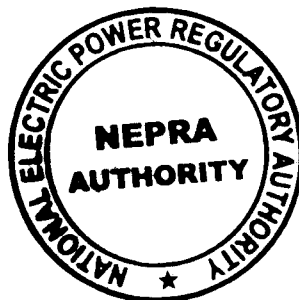
Abdul Rahim Khan  
Member



Zafar Ali Khan  
Member



Lt. Gen® Saeed uz Zafar  
Chairman



**Karachi Electric Supply Corporation Ltd.**  
**Adjustment in tariff due to variation in fuel price**  
**Quarter ending March 2007**

Description	Generation GWh				
	3rd Quarter			Next 3 Quarters	Total Jan 07 Dec 07
	Jan-07	Feb-07	Mar-07		
<b>Generation on Furnace Oil at Bus Bar</b>					
Korangi Thermal Power Station	1	-	1	462	464
Bin Qasim	110	72	207	1,472	1,861
<b>Total Generation on F.O.</b>	<b>111</b>	<b>72</b>	<b>208</b>	<b>1,934</b>	<b>2,325</b>
<b>Generation on Gas at Bus Bar</b>					
Korangi Thermal Power Station	45	60	59	336	500
Korangi/SITE Gas Turbine Power Station	41	46	53	657	796
Bin Qasim Power Station	306	314	296	4,276	5,191
<b>Total Generation on Gas</b>	<b>392</b>	<b>419</b>	<b>408</b>	<b>5,269</b>	<b>6,487</b>
<b>Generation on LD/HSD Oil</b>	-	0	0	0	0
<b>Total Generation</b>	<b>503</b>	<b>491</b>	<b>616</b>	<b>7,203</b>	<b>8,812</b>
<b>Fuel Prices</b>					
Furnace Oil (Without GST) Rs./M.Ton					
Previous Price	18,552	18,552	18,552	18,552	
Revised Price	18,113	18,152	18,903	18,903	
Gas Rs./ MMBTU					
Previous Price	265	265	265	265	
Revised Price	265	238	238	238	
<b>Coverision Factor</b>					
Furnace Oil Kg/kWh					
Korangi Thermal Power Station	0.32	0.32	0.32	0.32	
Bin Qasim	0.25	0.25	0.25	0.25	
Gas BTu/kWh					
Korangi Thermal Power Station	12,900	12,900	12,900	12,900	
Korangi /SITE Gas Turbine Power Station	16,000	16,000	16,000	16,000	
Bin Qasim	10,000	10,000	10,000	10,000	
<b>Variation in Fuel Cost - F.O. Rs. Million</b>					
Korangi Thermal Power Station	(0)	-	0	52	52
Bin Qasim	(12)	(7)	18	128	127
<b>Sub-total</b>	<b>(12)</b>	<b>(7)</b>	<b>18</b>	<b>180</b>	<b>179</b>
<b>Variation in Fuel Cost - Gas Rs. Million</b>					
Korangi Thermal Power Station	-	(20)	(20)	(115)	(155)
Korangi/SITE Gas Turbine Power Station	-	(19)	(22)	(278)	(320)
Bin Qasim	-	(83)	(78)	(1,133)	(1,294)
<b>Sub-total</b>	<b>-</b>	<b>(123)</b>	<b>(121)</b>	<b>(1,526)</b>	<b>(1,769)</b>
<b>Total Variation in Fuel Cost Rs. Million</b>	<b>(12)</b>	<b>(130)</b>	<b>(103)</b>	<b>(1,346)</b>	<b>(1,590)</b>
<b>Units expected to be sold GWh</b>	(Jan 2007 - Dec 2007)				<b>10,353</b>
Variation in cost due to fuel price for the quarter (Million Rupees)					(1,590)
Balance (Spillover) at the end of last quarter (Oct-Dec 06) (Mln. Rs.)					-
Total Variation in cost due to fuel price variation (Million Rupees)					(1,590)
Required Adjustment in average sale rate Ps./kWh					(15.36)
Maximum adjustment to be allowed in a quarter as percent of average sale rate					2.5%
Allowable adjustment in average sale rate Ps./kWh					(15.36)

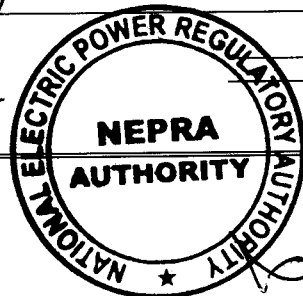


TA-KESC-Jan-Mar 2007

**Karachi Electric Supply Corporation Ltd.**  
**Adjustment in tariff on account of purchase of power**  
**Quarter ending March 2007**

Description	Purchase of Power GWh				
	3rd Quarter			Next 3	Total
	Jan-07	Feb-07	Mar-07	Quarters Jul	Jan 07 -Dec 07
<b>Source of Purchase</b>					
Tapal	60	56	68	450	634
Gul Ahmad	68	62	79	450	659
WAPDA	273	290	345	2,920	3,828
KANUPP	7	27	26	223	283
PASMIC	2	7	4	34	47
<b>Total Purchase of Power</b>	<b>410</b>	<b>442</b>	<b>522</b>	<b>4,077</b>	<b>5,451</b>
Reference Energy Purchase Price not subject to indexation Ps/kWh					
WAPDA	369.00	369.00	369.00	369.00	
KANUPP	245.58	245.58	245.58	245.58	
PASMIC	242.12	242.12	242.12	242.12	
Revised Energy Purchase Price not subject to indexation Ps/kWh					
WAPDA	369.00	369.00	369.00	369.00	
KANUPP	245.58	245.58	245.58	245.58	
PASMIC	242.12	242.12	242.12	242.12	
Reference Energy Purchase Price subject to fuel price change Ps/kWh					
Tapal	410.28	410.28	410.28	410.28	
Gul Ahmad	427.61	427.61	427.61	427.61	
Revised Energy Purchase Price subject to fuel price change Ps/kWh					
Tapal	415.53	405.96	408.93	408.93	
Gul Ahmad	420.35	418.87	418.25	418.25	
<b>Fuel Prices</b>					
Reference fuel prices					
Tapal	18,518	18,518	18,518	18,518	
Gul Ahmad	18,735	18,735	18,735	18,735	
Revised fuel prices					
Tapal	18,755	18,323	18,457	18,457	
Gul Ahmad	18,417	18,352	18,325	18,325	
Reference Energy Purchase Price other than fuel subject to indexation					
Tapal	18.50	18.50	18.50	18.50	
Gul Ahmad	10.00	10.00	10.00	10.00	
Reference Energy Purchase Price					
Tapal	45.98	45.98	45.98	45.98	
Gul Ahmad	24.85	24.85	24.85	24.85	
Revised Energy Purchase Price					
Tapal	46.70	46.70	46.70	46.70	
Gul Ahmad	25.24	25.24	25.24	25.24	
<b>Indexation Factors for Energy Charges</b>					
Reference Indexation Factors					
Tapal	2.90	2.90	2.90	2.90	
Gul Ahmad	2.90	2.90	2.90	2.90	
Revised Indexation Factors					
Tapal	2.94	2.94	2.94	2.94	
Gul Ahmad	2.94	2.94	2.94	2.94	
<b>Reference Capacity Charges Rs./kW/Month</b>					
Capacity Charges - non-escalable					
Tapal	304	304	304	304	
Gul Ahmad	621	621	621	621	
Capacity Charges -escalable					
Tapal	288	288	288	288	
Gul Ahmad	372	372	372	372	
<b>Indexation Factors for Capacity Charges</b>					
Reference Indexation Factors for escalable - US CPI	136.86	136.86	136.86	136.86	
Revised Indexation Factors for escalable - US CPI	139.12	139.12	139.12	139.12	
Reference Indexation Factors for escalable - Exchange Rate	60.86	60.86	60.86	60.86	
Revised Indexation Factors for non-escalable - Exchange Rate	60.81	60.81	60.81	60.81	
<b>Dependable Capacity MW</b>					
Tapal	125	125	125	125	
Gul Ahmad	128	128	128	128	
<b>Variation in Cost of Purchase of Power Rs.Million</b>					
Energy	(1)	(7)	(8)	(43)	(59)
Capacity	3	3	3	23	30
<b>Total Variation in Cost of Purchase of Power</b>	<b>1</b>	<b>(5)</b>	<b>(5)</b>	<b>(20)</b>	<b>(29)</b>
<b>Overall units expected to be sold in next 12 months GWh</b>	<b>(Jan 2007 - Dec 2007)</b>				<b>10,353</b>
Variation in cost of power purchase for the quarter (Million Rupees)					(29)
Balance (Spillover) at the end of last quarter (Oct-Dec 06) (Min. Rs.)					(389)
Total Variation in cost of power purchase (Million Rupees)					(418)
Required Adjustment in average sale rate (Ps./kWh)					(4.04)
Maximum adjustment to be allowed in a quarter as percent of average sale rate					1.5%
Allowable adjustment in average sale rate (Ps./kWh)					(4.04)

ATA-RESC-Jan-Mar 2007



## KESC

### SCHEDULE OF ELECTRICITY TARIFFS

TARIFF CATEGORY/PARTICULARS	Fixed Charges	Energy Charges	F.A.S	Additional Surcharge
	Rs/kW/Month	Ps/kWh	Ps/kWh	Ps/kWh

**RESIDENTIAL --- TARIFF A-1**

Up to 50 units consumption in a month	-	61	-	79
<u>For consumption above 50 units</u>				
For first 100 units (1-100) in a month	-	46	189	174
For next 200 units (101-300) in a month	-	63	189	247
For next 700 units (301-1000) in a month	-	156	189	382
Above 1000 units in a month	-	193	189	469

Under this Tariff, there shall be minimum monthly charges at the following rates, even if no energy is consumed during the month.

- a. Single phase connections Rs.45/-  
 b. Three phase connections Rs.100/- plus Rs.25/- per kW for load in excess of 5 kW

**COMMERCIAL --- TARIFF A-2**

For first 100 units in a month	-	291	141	418
Above 100 units in a month	-	315	141	430

Under this Tariff, there shall be minimum monthly charges at the following rates, even if no energy is consumed during the month.

- a. Single phase connections Rs 150/-  
 b. Three phase connections Rs 300/- plus Rs 30/- per kW for load in excess of 10 kW

**INDUSTRIAL --- TARIFF - B**

B-1 Up to 40 kW (At 400 Volts)	-	186	156	337
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There shall be minimum monthly charges of Rs. 70 per kW for first 20 kilowatt of load and Rs. 90 per kW for loads between 20-40 kW even if no energy is consumed.

B-2 From 41-500 kW (at 400 volts)	300	135	156	250
B-3* Up to 5000 kW (11 kV)	290	134	156	234
B-4* For all loads (at 66, 132 kV).	280	129	156	215
B-5* For all loads (at 220 kV and above)	273	129	156	208

**TIME OF DAY (TOD) TARIFF FOR INDUSTRIAL CONSUMERS**

PARTICULARS	Fixed Charges Rs/kW/Month	Energy Charges		F A S Ps/kWh	Additional Surcharge	
		Off-Peak Hours	Peak Hours		Off-Peak Hours	Peak Hours
		Ps/kWh	Ps/kWh		Ps/kWh	Ps/kWh
B-2 From 41-500 kW (at 400 volts)	300	125	203	156	234	313
B-3 Upto 5000 kW (11 kV)	290	120	202	156	191	266
B-4 For all loads (at 66, 132 kV).	280	116	192	156	177	256
B-5 For all loads (at 220 kV and above)	273	116	192	156	170	251

**Note:** B-2 consumers can opt for TOD Tariff

All B-3 & B-4 consumers were to be converted to TOD Tariff by 30-06-2000, after installation of electronic meters with TOD provisions. Normal Tariff (\*) will be only applicable to B-3, B-4 and B-5 consumers who have not been provided with TOD meters, till such time TOD meters are provided.

The time period for measuring the maximum demand of B-2, B-3, B-4 and B-5 industrial and TOD meters has been changed from 15 minutes to 30 minutes. Change to take effect on installation of meters capable of measuring the maximum demand in 30 minutes period.



TARIFF CATEGORY/PARTICULARS	Fixed Charges	Energy Charges	F.A.S	Additional Surcharge
	Rs/kW/Month	Ps/kWh	Ps/kWh	Ps/kWh
<b><u>BULK SUPPLY --- TARIFF - C</u></b>				
C-1 (a) 400 Volts	-	129	181	353
C-1 (b) 400 Volts	220	114	181	354
C-2 (a) 11 kV	-	115	181	333
C-2 (b) 11 kV	216	111	181	345
C3 (at 66, 132 & 220 kV) --- for all loads	214	106	181	315

**Note:** The time period for measuring the maximum demand of C-1, C-2, and C-3 meters has been changed from 15 minutes to 30 minutes. Change to take effect on installation of meters capable of measuring maximum demand in 30 minutes period.

**AGRICULTURE --- TARIFF - D**

D-1 Sindh and Balochistan	72	80	169	236
D-2 Sindh and Balochistan	176	80	169	172

**Note:** Consumer falling in category D shall have the option to choose between Tariff D-1 and D-2.

**TEMPORARY SUPPLY --- TARIFF - E**

E-1 (i) Domestic Supply	-	216	189	388
E-1 (ii) Commercial Supply	-	386	141	528

For the above two categories, the minimum bill of the consumer shall be Rs 46/- per day subject to minimum of Rs.200/- for the entire period of supply, even if no energy is consumed.

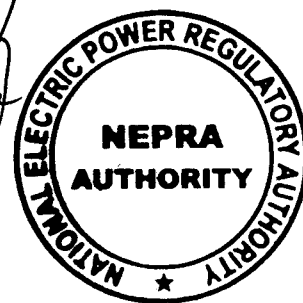
E-2 (i) Industrial supply	-	241	156	382
E-2 (ii) Bulk Supply				
(a) at 400 Volts	-	181	181	409
(b) at 11 kV	-	169	181	391
E-2 (iii) Bulk supply to other consumers	-	190	181	407

**SEASONAL INDUSTRIAL SUPPLY TARIFF-F**

SUPPLY CHARGES  
125% of the "Supply Charges"  
of relevant industrial supply  
tariff

ADDITIONAL SURCHARGE  
125% of the Additional  
Surcharge of the relevant  
industrial supply tariff

**Note:** Tariff-F Consumers will have the option to convert to Regular Tariff and vice versa. This option can be exercised at the time of a new connection or at the beginning of the season. Once exercised, the option will remain in force at least for one year



TARIFF CATEGORY/PARTICULARS	Fixed Charges	Energy Charges	F.A.S	Additional
	Rs/kW/Month	Ps/kWh	Ps/kWh	Surcharge Ps/kWh

**PUBLIC LIGHTING TARIFF-G**

G-1 Units Charges	-	220	160	488
G-2 (a) for 60 watts		Rs 495/per year per lamp		470
(b) for 100 watts		Rs 908/per year per lamp		470

**Note:** Consumer falling in category G shall have the option to choose between Tariff G-1 and G-2.

**Fixed Line Charges Per Month Per Mile**Rs

(i) Where the entire capital cost in laying street lighting supply line which is exclusively meant for street lighting is borne by the Corporation.	253
(ii) Where the entire capital cost in laying street lighting supply line, which is exclusively meant for street lighting is borne by the Consumer.	23
(iii) Where the entire capital cost in laying street lighting supply line, over the existing distribution system is borne by the Corporation.	158
(iv) Where the entire capital cost in laying street lighting supply line, over the existing distribution system is borne by the consumer.	33
(v) For street lighting supply through underground cables.	Rates to be negotiated

**RESIDENTIAL COLONIES ATTACHED TO INDUSTRIAL PREMISES (TARIFF-H)**

Consumers having their own transformers	150	189	426
Consumers not having their own transformers	151	189	428

**Note:**

**Terms and conditions of the Schedule of Tariff as notified vide SRO 819(1)/2001 dated November 29, 2001 shall continue to remain in force.**

